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Portugal

Organic Products

New labeling

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Report Highlights: The Government of Spain (GOS) is being forced to change its labeling decree for organic products. In Portugal, rather than create national legislation to govern organic production and labeling, the Government chose simply to use the EC organic production directive.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[PO]

The Government of Spain (GOS) is being forced to change its labeling decree for organic products. The European Commission (EC) has won a case against Spain, forcing the change. Portugal, in contrast, relies only on the EC directive 2092/91 (as amended—please read GAIN E24064) for organic production and labeling. (SH5LR1)

Following a recent European Union Justice Tribunal decision against the GOS, the Spanish Ministry of Agriculture announced that it would modify the Spanish organic label decree. As the decree No. 506/2001 is now written, it allows the use of the prefix “bio” on products, even when they have not been produced using organic production methods, as defined by EC directive. The European Justice Tribunal decided that the use of the prefix “bio” to describe food products, other than those produced using organic methods, was misleading the Spanish public and contravened the EC directive defining organic production and labeling.

For its part, the GOS had argued that there was ambiguity in the EC organic food production and labeling directive and as a result, the term “bio” could have been used to describe “healthy” products, without connoting the use of organic production methods. In its defense, the GOS cited a recent pole of Spanish consumers that indicated that only three percent think of organic when seeing the term “bio.” Rather, 86 percent of the Spanish consumers surveyed think of “healthy” milk products when they see the prefix “bio” (milk-product manufacturers use “bio” extensively here in Spain).

This decision against the GOS is unlikely to have great effect on Spanish consumer demand for correctly labeled organic products. The Mediterranean diet, followed by many in Spain, is generally considered to be healthy, and it is not associated necessarily with organic production. In addition, most Spaniards view olive production as being very natural, and when buying olive oil, focus on the oil extraction methods rather than on the olive production methods.

However, Spanish organic farmers are delighted with the decision and have urged the GOS to move expeditiously to change the much-disliked Spanish decree No. 506/2001. They are also calling on the GOS to help them promote their organic production to the local population, especially now that the term “bio” can no longer be exploited by promoters of non-organic products. They complain that part of their problem is that the markups for their produce sold here in Spain are disproportionately higher than for non-organic products sold in grocery and specialty food stores, and as a result, have asked the GOS to help them find more direct marketing methods to boost local sales.

Spain is Europe’s fourth-largest organic food producer. Spanish farmers use organic production methods on almost 750,000 hectares, up from 11,600 in 1994, generating organic food worth about \$300 million annually. Olive oil, 40 percent of the total, is the main organically produced product. Producers export virtually all of their organic production, according to the Ministry of Agriculture and Spain’s organic food producers’ association.

In Portugal, rather than create national legislation to govern organic production and labeling, the Government chose simply to use the EC organic production directive. As a result, producers and processors that have been using inappropriate designations in their labeling, such as the prefix “bio,” when the product is not organically produced, have until July 1, 2006 (if label was registered before July 22, 1999), to bring their products and/or product labels into conformity with EC 2092/91 (as amended).